


BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2001-463-C - ORDER NO. 2002-376

MAY 28, 2002

IN RE:	Application of TDI Communications, Inc. for)	ORDER
	a Certificate of Public Convenience and)	GRANTING
	Necessity to Provide Non-Facilities-based)	CERTIFICATE FOR
	Resold Interexchange Telecommunications)	LONG DISTANCE
	Services within the State of South Carolina.)	AUTHORITY



This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of the Application of TDI Communications, Inc. (“TDI” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to provide non-facilities-based resold interexchange telecommunications services within the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 2001) and the Regulations of the Public Service Commission of South Carolina.

The Commission’s Executive Director instructed TDI to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of TDI’s Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. The Company complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. No Petitions to Intervene were filed.

A hearing was convened on May 1, 2002 at 2:30 p.m. in the Commission's Hearing Room at 101 Executive Center Drive, Columbia, South Carolina. The Honorable William Saunders, Chairman, presided. TDI was represented by James W. Segura, Esquire. Adelaide D. Kline, Staff Counsel, represented the Commission Staff.

Eyal Yechezkell, President of TDI, appeared and testified in support of the Application. Yechezkell testified that he oversees all of the day to day operations of the Company. The record reveals that TDI was incorporated in the State of Delaware on July 11, 2001, and has received authorization to transact business within the State of South Carolina. Upon receiving certification from the Commission, TDI intends to subscribe to and resell all forms of interexchange telecommunications services in the State of South Carolina including: Message Telephone Service, Wide Area Telephone Service, WATS-like services, Foreign Exchange Service, private lines, tie lines, access service, prepaid calling card services and other services and facilities of communications common carriers and other entities. The record reveals that TDI Telecom intends to provide non-facilities-based interexchange services to both residential and business class customers throughout the entire State of South Carolina.

Yechezkell stated that TDI is currently certified in forty states and intends to become certified in all fifty states. He said the Company is not yet providing services in any state but expects to provide domestic long distance services to customers all over the United States through its Website upon attainment of certification in all fifty states. He explained that TDI will market its services on the Internet to members they already serve through a network of websites. He further explained that they will introduce their long

distance services via an opt in email marketing program. Yechezkell testified that TDI's residential long distance services will be priced at \$.05 per minute and his Company intends to also offer prepaid calling cards services to its long distance customers. He stated that TDI is aware of the Commission's surety bond requirement with regard to offering prepaid calling cards and offered that his Company had already filed that bond with the Commission.

He testified that TDI has its principal office and headquarters in New York City. Yechezkell testified that TDI will arrange for its proposed services to be furnished using the transmission facilities of other certificated carriers to the extent permitted by the Commission and where consistent with applicable tariff regulations. According to Mr. Yechezkell, access to operator services, directory assistance, directory listings, and emergency services will be provided through the facilities of other certificated carriers. He said TDI will use Global Crossing, Qwest Communications and MCI WorldCom as its underlying carriers.

Regarding the Company's technical ability to offer telecommunications services in South Carolina, the record states that the Company has the technical and managerial resources and abilities sufficient to provide non-facilities-based resold telecommunications services to every person within the State of South Carolina. The record further states that TDI Telecom's management possesses experienced management, technical and operations expertise. Mr. Yechezkell said he had gained experience in the telecommunications industry as an agent for another telecommunications company during the past eight months. He said his company had

been an agent for GTC Telecom and had received compensation by signing up thousands of new customers. He testified that the Company's name and toll-free customer service number will appear on the prepaid calling card.

As to the Company's customer service, Yechezkell testified that a toll-free customer service will be available from 9:00 a.m. until 5:00 p.m. Monday through Friday Eastern Standard Time. He said email customer service will be available twenty-four hours a day, seven days a week. He said the Company plans to add three customer service representatives and two support staff to its New York City office when it begins offering services. Mr. Yechezkell said he will be the Company's regulatory and customer service contact person. He said he can be reached at (212) 588-1180.

As to TDI's managerial abilities to offer the services it proposes to offer in South Carolina, Yechezkell testified that TDI possesses the managerial resources and abilities sufficient to provide non-facilities-based and resold interexchange telecommunications services in this state. He offered resumes for himself and Itai Kathein. Mr. Yechezkell has been President of TDI Communications, Inc. since the formation of the Company on July 11, 2001. He also serves as Chief Executive Officer for ShopLoop.com, Inc. Mr. Yechezkell received his Bachelor of Science degree in Finance from Florida Atlantic University. In addition to serving as President of ShopLoop.com, Inc., Mr. Kathein shares management responsibilities with Mr. Yechezkell at TDI. Mr. Kathein received a dual Bachelor of Science in Finance and International Business and a Bachelor of Arts degree in Computer Information Technologies from Florida Atlantic University.

In support of TDI's financial ability to provide the services it seeks to provide in South Carolina, Yechezkel testified that TDI has been in business a little over two years and has been profitable for the last fourteen months. He said the Company has sufficient financial capability to maintain the services to be offered. Yechezkel affirmed the Company's obligation to file all reports required by the Commission by certain deadlines.

According to the Application and Yechezkel's testimony, TDI requests a waiver of 26 S.C. Code Ann. Regs. 103-610 (1976) so that TDI can maintain its records outside of South Carolina. The Company wishes to maintain its books and records at its headquarters in New York, New York. Yechezkel stated that the Company is aware and agrees to abide by the Commission's regulation that requires that these records be made available for examination by the Commission at reasonable hours. TDI also requested that it be allowed to keep its books and financial records according to the Generally Accepted Accounting Principles (GAAP) rather than according to the Uniform System of Accounts (USOA).

According to Yechezkel, TDI has never had authority denied in any state where it has applied for authority nor has the Company had authority revoked in any state where it has been granted authority. Additionally, he said that TDI has never been the subject of an investigation, fined or sanctioned by a state or federal regulatory body. According to the testimony, TDI has not marketed its services in South Carolina prior to receiving certification. Yechezkel also testified that the Company has not received revenues from the completion of intrastate calls in South Carolina prior to receiving this certification. Yechezkel said that TDI has never been the subject of an investigation, fined or

sanctioned by a state or federal regulatory body. Finally, Yechezkel testified TDI will abide by all the Commission's rules, regulations and Orders upon the Company receiving certification to operate as a reseller of intrastate interexchange telecommunications services in South Carolina.

After full consideration of the applicable law, the Company's application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. TDI is organized as a corporation under the laws of the State of Delaware and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. TDI operates as a non-facilities-based reseller of interexchange services and wishes to provide its services in South Carolina.

3. TDI has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to TDI to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS),

Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for TDI for its resale of interexchange services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. TDI shall not adjust its interexchange rates below the approved maximum level without notice to the Commission and to the public. TDI shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for interexchange services reflected in the tariff, which would be applicable to the general body of the Company's subscribers, shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provision of S.C. Code Ann. §58-9-540 (Supp. 1999).

4. If it has not already done so by the date of issuance of this Order, TDI shall file its revised tariff and an accompanying price list within thirty (30) days of

receipt of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations. Further, TDI shall file a copy of its Bill Form as required by 26 S.C. Code Ann. Regs. 103-612.2.2 and 103-622.1 (1976) with its final Tariff.

5. TDI is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. TDI shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If TDI changes underlying carriers, it shall notify the Commission in writing.

8. TDI shall file annual financial information in the form of annual reports and gross receipts reports as required by the Commission. The annual report and the gross receipt report will necessitate the filing of intrastate information. Therefore, TDI shall keep financial records on an intrastate basis for South Carolina to comply with the annual report and gross receipts filings. The proper form for filing annual financial information can be found at the Commission's website at www.psc.state.sc.us/forms. The title of this form is "Annual Information on South Carolina Operations for Interexchange Companies and AOS." This form shall be utilized by the Company to file

annual financial information with the Commission. Commission gross receipts forms are due to be filed with the Commission no later than October first of each year.

9. Each telecommunications company certified in South Carolina is required to file annually the Intrastate State Universal Service Fund (USF) worksheet. This worksheet provides the Commission Staff information required to determine each telecommunications company's liability to the State USF fund. The Intrastate USF worksheet is due to be filed annually no later than August 15th.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. TDI shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. The "Authorized Utility Representative Information" form can be found at the Commission's website at www.psc.state.sc.us/forms; this form shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

11. As a condition of offering debit card services, the Commission requires the Company to post with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or

a surety bond in the amount of \$5,000 which is payable to the Commission. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed annually.

If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, then the company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card. In addition, the Company shall include its name on the back of each of its prepaid calling cards.

12. With regard to the origination and termination of toll calls within the same LATA, TDI shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993), with the exception of the 10-XXX intraLATA dialing requirement, which has been rendered obsolete by the toll dial parity rules established by the Federal Communications Commission pursuant to the Telecommunications Act of 1996 (See, 47 CFR 51.209). Specifically, the Company shall comply with the imputation standard as adopted by Order No. 93-462 and more fully described in paragraph 4 of the Stipulation and Appendix B approved by order No. 93-462.

13. By its Application and testimony at the hearing, TDI requested a waiver from the Commission's requirement to maintain its books within the State of South Carolina according to 26 S.C. Code Ann. Regs. 103-610 (1976). The Commission grants the Company's request to waive the record keeping regulation so that its books and records may be kept at its principal office and headquarters in New York. The Commission also grants TDI the opportunity to keep its books and records in accordance with GAAP rather than the USOA.

14. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

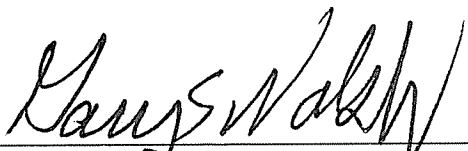
15. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:


Executive Director

(SEAL)